

**STATE OF CONNECTICUT  
ENERGY & TECHNOLOGY COMMITTEE**

**Raised Bill No. 450 – An Act Concerning Energy Conservation and Renewable**

**Written Testimony of  
David Giuffrida  
on Behalf of  
Middlesex Hospital  
As a Member of the Class III CHP Organization**

David Giuffrida, P.E.  
Vice President, Facilities  
Middlesex Hospital  
28 Crescent Street  
Middletown, CT 06457  
Phone: 860.358.6575  
Email: david.giuffrida@midhosp.org

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WRITTEN TESTIMONY OF DAVID GIUFFRIDA  
ON BEHALF OF MIDDLESEX HOSPITAL  
MEMBER OF CLASS III CHP ORGANIZATION  
ON RAISED BILL NO. 450

Middlesex Hospital ("Hospital"), a member of the Class III CHP Organization ("C3CO"), welcomes this opportunity to publicly support Raised Bill No. 450, which proposes to allow micro-grids, including combined heat and power ("CHP") resources meeting Class III criteria, to satisfy a portion of the State's Class I requirements.

Located in Middletown, Connecticut, Middlesex Hospital continues to distinguish itself as one of the finest hospitals in the United States. Most notably, the Hospital has been designated four times as one of the Thomson Reuters 100 Top Hospitals®, currently as part of the 2011 Thomson Reuters study.

Health care executives across the country have been delivering a consistent and sobering message since passage of the Affordable Care Act. Hospitals and health systems face declining revenues as federal, state and private payers reduce reimbursement for all services to levels approximately equal to those now paid by Medicare and Medicaid. Since many hospitals and health care systems find it difficult, if not impossible, to realize sustainable margins from the two government-sponsored programs today, every aspect of health care operations must be examined to optimize performance. In short, health care organizations must engineer ways to permanently remove costs from their systems.

One of the most expensive operating costs for any hospital is energy. An inpatient hospital has high energy requirements to power today's modern medical equipment and lighting, as well as to heat and cool the facility. Thus, hospitals must seek viable means of reducing energy usage and cost. Two years ago Middlesex Hospital completed an economic analysis that showed the construction and operation of a Combined Heat & Power ("CHP") plant on its campus could provide a significant reduction in energy costs due to the plant's ability to reclaim heat energy normally lost to the atmosphere through the generator's exhaust and cooling systems. This normally wasted energy is used

to supply heating and cooling loads in the Hospital that would otherwise be met by purchasing utility-supplied electricity or natural gas.

A key component in Middlesex Hospital's decision to build a CHP plant was the Class III Renewable Energy Credit ("REC") trading platform established under Act 05-01. The hospital's CHP plant qualifies as a Class III resource, and the economics of the project's construction and operating costs depend in part on revenue derived from the sale of Class III RECs.

Subsequent to our decision to build the CHP plant, the Class III REC market has become saturated, and Class III credits are trading at the floor price, if they can be sold at all. If the RECs cannot be sold, not only does the economic performance of our new CHP plant suffer but also the additional incentive for others to build this clean energy technology throughout this state suffers. If future CHP facilities will be effectively shut out of the REC trading market due to Class III oversupply, other facilities with similar electrical and thermal load profiles which could greatly benefit from this clean energy technology will be discouraged from constructing their own CHP plants, thus undermining Act 05-01's intent to encourage such alternative energy measures.

Middlesex Hospital supports Bill 450 because it provides a sensible, simple solution to address Connecticut's Class I shortage and Class III oversupply by expanding the Class III market and allowing CHP systems to fill a portion of the Class I demand. By supporting this legislation, the legislature would send a strong message that in today's energy-conscious environment, Connecticut intends to do everything possible to improve energy efficiency statewide.

CHP technology is a win for the entire state of Connecticut and our community. Less fuel needs to be burned to produce the same amount of useful energy. Since less fuel is burned to produce each unit of energy output, CHP reduces air pollution and greenhouse gas emissions; two extremely important issues that more than ever need to be in the forefront of policy making in this State and

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country. This country has ignored energy issues far too long, and this Bill presents a golden opportunity for the legislature to ensure that Connecticut remains on a path to an energy-efficient, sustainable future.

Thank you for your consideration of Middlesex Hospital's testimony. We appreciate the Committee's efforts to advance the State's environmental goals while also crafting creative solutions for supporting CHP development and improved system reliability within Connecticut. I am available to answer questions regarding my testimony.